

## Message Text

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ORIGIN SS-25

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DRAFTED BY TREASURY: DRMACDONALD, ASST. SEC. TREAS. EOTA

APPROVED BY S/S-O: M. TANNER

S: MR. EAGLEBURGER

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 127490 TOSEC 020205

EXDIS

E.O. 11652: GDS

TAGS: ETRD, OVIP (KISSINGER, HENRY A.)

SUBJECT: COUNTERVAILING DUTIES UPON IMPORTS OF FLOAT

---- GLASS,STEEL

FOR THE SECRETARY FROM SECRETARY SIMON

1. ACCORDING TO AP-DOW JONES WIRE STORY, UNDER SECRETARY ROBINSON STATED YESTERDAY IN BRUSSELS THAT U.S. WOULD NOT APPLY COUNTERVAILING DUTIES UPON IMPORTS OF FLOAT GLASS AND STEEL FROM EC COUNTRIES BUT WOULD DEAL WITH THESE PROBLEMS SOLELY IN GATT MULTILATERAL TRADE DISCUSSIONS. WE DO NOT KNOW IF ROBINSON ACTUALLY SAID THIS. IF HE DID, THIS STATEMENT IS CONTRARY TO COUNTERVAILING DUTY LAW AS AMENDED BY TRADE ACT OF 1974, WHICH SPECIFICALLY REQUIRES SECRETARY OF TREASURY TO MAKE PRELIMINARY DETERMINATION ON PENDING FLOAT GLASS CASES BY JULY 4, 1975, AND FINAL DETERMINATION ON THESE CASES BY JANUARY 4, 1976. STEEL CASES HAVE BEEN TEMPORARILY WITHDRAWN, AND ARE THUS NOT BEFORE TREASURY AT THIS TIME. ALTHOUGH PROSPECTS ARE BRIGHT FOR USE OF WAIVER AUTHORITY AND EVEN NEGATIVE DETERMINATION BY TREASURY ON FLOAT GLASS COMPLAINTS AGAINST SOME COUNTRIES, OTHER COUNTRIES HAVE REFUSED TO SUPPLY INFORMATION TO US AND WILL NECESSARILY RECEIVE POSITIVE PRELIMINARY DETERMINATION ON JULY 4, AS DOMESTIC COMPLAINANTS' ALLEGATIONS MUST BE ACCEPTED IN THESE CASES.

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IF ROBINSON'S QUOTED STATEMENT ACCURATELY EXPRESSED U.S. POSITION, LITIGATION BY COMPLAINANTS IS CERTAIN AND ANGRY

CONGRESSIONAL HEARINGS MOST PROBABLE, ALLEGING THAT

ADMINISTRATION HAS GIVEN AWAY COMPETITIVE RIGHTS OF ITS CITIZENS IN VIOLATION OF SPECIFICALLY EXPRESSED WILL OF CONGRESS.

FOR YOUR INFORMATION WE HAVE SENT SIMILAR TELEGRAMS TO ROBINSON ASKING WHETHER HE IN FACT MADE SUCH A STATEMENT AND IF SO, WE HAVE ASKED FOR A RETRACTION.

2. FOR YOUR INFORMATION, FULL AP-DOW JONES WIRE STORY FOLLOWS:

QUOTE. BRUSSELS...EC OFFICIALS WARN THE U.S. AGAINST APPLYING ANY COUNTERVAILING DUTIES ON EC EXPORTS TO THE U.S. OF STEEL AND FLOAT GLASS.

EC COMMISSION SOURCES SAID DURING THE TWO DAY TALKS WITH U.S. OFFICIALS, THE EC WARNED OF SERIOUS CONSEQUENCE SUCH U.S. ACTION COULD HAVE ON BILATERAL RELATIONS. UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS CHARLES W. ROBINSON REPRESENTED THE U.S. IN THE SEMI-ANNUAL CONSULTATIONS. EXTERNAL AFFAIRS COMMISSIONER SIR CHRISTOPHER SOAMES SPOKE FOR THE EC.

ROBINSON TOLD THE PRESS CONFERENCE AFTERWARD THAT HIS ADMINISTRATION DOES NOT INTEND TO APPLY COUNTERVAILING DUTIES ON EC STEEL AND FLOAT GLASS EXPORTS AND AGREED WITH SOAMES THAT ANY SUCH EC - U.S. PROBLEMS SHOULD BE DEALT WITH WITHIN THE MULTILATERAL TRADE NEGOTIATIONS CURRENTLY GOING ON IN THE FRAMEWORK OF THE GATT.

WHILE BOTH OFFICIALS COULD NOT GO INTO DETAILS, OTHER SOURCES SAID THE U.S. STEEL INDUSTRY MAY SEEK APPLICATION OF IMPORT LEVIES UNDER THE U.S. COUNTERVAILING LAW AGAINST WHAT IT CONSIDERS SUBSIDIZED EC STEEL EXPORTS.

THE U.S. GLASS INDUSTRY IS ALSO UNDERSTOOD TO COMPLAIN AGAINST SUBSIDIZED EC FLOAT GLASS EXPORTS, ARGUING THAT CONFIDENTIAL

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REGIONAL AID EXTENDED IN THE EC AMOUNTS TO SUCH AN OFFICIAL SUBSIDY.

THE EC COMMISSION SOURCES SAID CURRENTLY TOLD THE U.S. THAT IT WOULD TAKE A VERY DIM VIEW OF ANY U.S. COUNTERVAILING ACTION NOW AFTER THE COMMUNITY AGREED TO REMOVE ALL BUT A VERY FEW SUBSIDIES ON CHEESE EXPORTS TO THE U.S.

THE COMMUNITY HAS LONG MAINTAINED THAT THESE PROBLEMS SHOULD BE DEALT WITH WITHIN THE CURRENT GATT TALKS.

ROBINSON AND SOAMES SAID THAT DURING THEIR TALKS THEY RANGED OVER A WIDE AREA OF PROBLEMS CONCERNING BILATERAL

TRADE, GATT NEGOTIATIONS, RAW MATERIALS, ENERGY, CEREALS  
AND TALKS BETWEEN OIL PRODUCERS AND CONSUMERS.

WITHOUT GOING INTO THE SUBSTANCE OF THEIR DISCUSSIONS, BOTH  
OFFICIALS STATED THAT THE U.S. AND EC WERE GENERALLY AGREED  
ON TACKLING ALL OF THESE PROBLEMS. SOAMES SAID THE MAIN  
AIM OF THE TWICE A YEAR CONSULTATIVE TALKS WAS TO PINPOINT  
AREAS OF POSSIBLE DISSENT AND TO DISCUSS THESE ISSUES  
BEFORE THEY BECAME SERIOUS PROBLEMS.

ROBINSON SAID U.S. CONCERN OVER EC PLANS TO CONCLUDE AN  
ECONOMIC COOPERATION PACT WITH CANADA HAD BEEN DISPELLED  
DURING THE TALKS AND THAT HE DID NOT SEE ANYTHING  
OBJECTIONABLE IN AN EC - CANADA ACCORD.

U.S. OFFICIALS HINTED THAT THERE WAS SOME CONCERN IN  
WASHINGTON OVER POSSIBLE DISCRIMINATORY ELEMENTS, SUCH AS  
TRADE PREFERENCES, IN THE PROJECTED EC - CANADA AGREEMENT.

ON STEEL, ROBINSON SAID HE DID NOT ANTICIPATE ANY  
COUNTERVAILING ACTION BY THE U.S. ADMINISTRATION BECAUSE  
WITH THE RECOVERY OF THE ECONOMY, STEEL CONSUMPTION WILL  
PICK UP AND HE FORESAW A 15-20 MILLION TON SHORTAGE BY  
1980. END QUOTE. INGERSOLL

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